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Natural Disaster Assistance



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Farm Service Agency Programs

Natural disaster is a constant threat to America's farmers and ranchers. From drought to flood, freeze, tornadoes, or other calamity, natural events can severely hurt even the best run agricultural operation.

But farmers don't have to face a natural disaster alone. The Farm Service Agency (FSA), an Agency of the United States Department of Agriculture (USDA), stands ready to help.

If your farming or ranching operation has suffered a loss due to a natural disaster, you may be eligible for assistance under one or more of the following FSA programs:

- The Emergency Conservation Program (ECP)

- The Noninsured Crop Disaster Assistance Program (NAP)

- Emergency Loan (EM) Assistance

- Emergency Haying and Grazing Assistance

This document tells you what kind of help is available, who may be eligible for it, and how to go about applying for FSA emergency assistance.



Emergency Conservation Program (ECP)



ECP shares with agricultural producers the cost of rehabilitating eligible farmlands damaged by natural disaster. During severe drought, ECP also provides emergency water assistance — both for livestock and for existing irrigation systems for orchards and vineyards.

ECP may be made available in areas without regard to a Presidential or Secretarial emergency disaster designation.

What Are the Eligibility Requirements?

To be eligible for ECP assistance, the applicant must have suffered a natural disaster that created new conservation problems, which, if left untreated, would:

- Impair or endanger the land;
- Materially affect the land's productive capacity;
- Represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; or
- Be so costly to repair that Federal assistance is or will be required to return the land to productive agricultural use.

NOTE: Conservation problems that existed before the natural disaster are **not** eligible for cost-sharing assistance.

What Can I Use the Money For?

ECP funds may be used for the following purposes:

- Debris removal;
- Fence restoration;
- Grading and shaping of farmland;
- Restoring structures; or
- Water conservation measures, including providing water to livestock in periods of severe drought.

Other emergency conservation measures may be authorized by county FSA committees with the approval of the State Committee and the Agency's Deputy Administrator for Farm Programs.





When Is ECP Assistance Available?

ECP cost-share assistance may be available to agricultural producers for all designated natural disasters. The FSA State Executive Director implements the ECP except when severe drought conditions exist. In the case of drought, the Deputy Administrator for Farm Programs may authorize assistance.

Eligibility for ECP assistance is determined by county FSA committees, based on individual on-site inspections, taking into account the type and extent of the damage. Cost share assistance of up to 64 percent is available.

Requests for cost-sharing of \$20,000 or less per person per disaster are evaluated and approved by county committees. State FSA committees must approve all applications for assistance for more than \$20,000. Applications for amounts greater than \$62,500 must be approved by the Deputy Administrator for Farm Programs.

Technical assistance for ECP may be provided by the USDA's Natural Resources Conservation Service (NRCS).

The Noninsured Crop Disaster Assistance Program (NAP)

NAP is for crops for which crop insurance is not available. It provides assistance for farmers who grow such crops, limiting their losses from natural disaster and helping to manage their overall business risk.

NOTE: To be eligible for assistance in the event of a disaster, you must provide certain information to FSA annually, **before** a disaster occurs. See below.

What Crops Are Eligible for Protection Under NAP?

Eligible crops include agricultural commodities that are:

- Grown for food;
- Planted and grown for livestock consumption, including but not limited to grain and seeded and native forage crops;



- Grown for fiber, except for trees; and
- Specialty crops, such as aquaculture, floriculture, ornamental nursery, Christmas trees, turf for sod, industrial crops, and seed crops used to produce crops that are eligible for NAP.

How Do I Become Eligible for Protection Under NAP?

Producers who want protection under NAP must make certain required crop information available to FSA every year by the established program reporting deadlines. They must also maintain certain farm production records throughout the year.

To ensure that they will be able to take advantage of assistance under NAP, should it become available, producers **must** meet all program requirements.



Specifically, to be eligible for NAP, producers must:

- Accurately report the acreages and shares for all crops potentially eligible for NAP on or before the required deadline (contact local FSA county offices for acreage reporting dates);
- Report crop losses within 15 days of the date disaster occurs or the date crop damage becomes apparent;
- Certify crop production history and report current crop year production;
- Earn not more than \$2 million in annual gross revenue per "person," as defined by FSA, in the operation;
- Certify that they comply with all highly erodible land and wetland conservation requirements;
- Request measurement service if needed; and
- Request payments by the acreage reporting date of the year following the year of the disaster.



How Much Does NAP Cost?

Unlike Catastrophic Crop Insurance Coverage, producers do not have to pay an up-front fee or premium to obtain assistance under NAP.



When Does NAP Become Available?

Assistance becomes available when natural disaster causes production losses:

- Greater than 35 percent of an eligible crop over a geographic area defined by FSA;
- Affecting a minimum of 5 producers of crops suffering the required area loss on separate and distinct farms in the 50 United States, or a minimum of 10 producers of each crop suffering the required area loss on separate and distinct farms outside the 50 United States.

The minimum geographic area eligible for consideration is one of the following:

- A county;
- At least 320,000 contiguous acres; or
- Acreage on which the annual value of all crops grown is \$80 million or more.

The minimum geographic area requirement does not apply outside the 50 United States.

The FSA State and county committees monitor local weather and crop conditions to determine when to request assistance under the program. The committees assess crop losses and make recommendations to the FSA Deputy Administrator for Farm Programs, who determines whether the losses meet the criteria for establishing a NAP area.

Producers' reports of crop acreage, crop damage, and historical yields based in part on actual production records are used in part by the committees in deciding whether to recommend program approval.

How Much Assistance Can I Receive?

FSA compensates producers for:

- Losses of eligible crops exceeding 50 percent of the expected yield, based on 60 percent of the average market price of the commodity (as determined by FSA) for 1998 and prior crops, and 55 percent of the average market price of the commodity for 1999 and subsequent crops;
- Prevented planting of more than 35 percent of intended acreage.

The payment rate is reduced for any crop that is unharvested or prevented from being planted, to reflect the difference in costs incurred.

Payments under NAP to any single person cannot exceed \$100,000 for any given crop year. Producers cannot receive assistance for the same loss under more than one USDA program.

How Are Crop Losses Defined?

As with crop insurance, FSA allows you to establish an expected level of production for your operation that reflects your normal production capabilities.

Except for a few crops that are considered "value loss" crops, your actual history of producing the crop is used to determine the extent of the loss in the disaster year.

FSA calculates normal yields by averaging actual yields over a 4- to 10-year period. If at least 4 years of acceptable production records are not provided, a yield will be assigned, which may be lower than the actual average yield.

Individual crop losses are determined on a unit basis. A unit includes all of the acreage of the crop in the county in which the producer has the same interest. For example, land owned by a producer is included in the same unit with land leased by the producer, if a 100 percent share in the crop is maintained on both operations.

Emergency Loan (EM) Assistance

FSA provides low-interest EM loan assistance to eligible farmers to help cover production and physical losses in counties declared as disaster areas by the President or designated by the Secretary of Agriculture. The FSA Administrator may also authorize EM loan assistance to cover physical losses only.

Who Is Eligible for EM Loans?

Emergency loans are available to qualifying ranchers and farmers who:

- Are established operators of family farms;
- Are citizens or permanent residents of the United States;
- Have adequate training or experience in managing and operating a farm or ranch necessary to assure reasonable prospects of success;
- Have suffered a qualifying physical loss, or a production loss of at least 30 percent in any essential farm or ranch enterprise;
- Cannot obtain commercial credit;
- Can provide collateral to secure an EM loan; and
- Can demonstrate that they have repayment ability.





What Can I Use EM Loans For?

Emergency loan funds may be used to:

- Restore or replace essential physical property, such as animals, fences, equipment, orchard trees, etc.
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation; and
- Refinance debts.

How Much Can I Borrow?

The loan limit is up to 80 percent of actual production loss (i.e., the value of lost crops, milk etc.), or 100 percent of the actual physical loss, with a maximum indebtedness under this program of \$500,000.

What Requirements Must I Meet?

FSA loan requirements are different from those of other lenders. Some of the more significant of these conditions are:

- Borrowers must keep acceptable farm records;
- Borrowers must operate in accordance with a farm plan they develop and agree to with FSA;
- Borrowers may be required to participate in a financial management training program, and may be required to obtain crop insurance.

What Are the Terms of an EM Loan?

Loans for crop, livestock, and non-real-estate losses are normally repaid in 1 to 7 years depending upon the loan purpose, repayment ability, and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized.





Loans for physical losses to real estate must normally be repaid within 30 years. In unusual circumstances, repayment may be extended over a maximum of 40 years.

EM loan borrowers are expected to return to conventional credit sources when they are financially able. EM loans are a temporary source of credit, and FSA reviews borrowers periodically to determine whether they can return or “graduate” to commercial credit.

What Is the Interest Rate?

The EM annual interest rate is set by the Secretary of Agriculture. The current interest rate is 3.75 percent.

Security Requirements

All EM loans must be fully collateralized. A first lien is required on all property or products acquired, produced, or refinanced with loan funds. The specific type of collateral required may vary depending upon the loan purpose, repayment ability, and the individual circumstances of the applicant.

Other Requirements

Applications for EM loans must be received within 8 months of the disaster designation date.

How Does EM Loan Assistance Become Available?

For EM loan assistance to become available, the county in which the damage occurred must be designated as a disaster area, or be contiguous to a county that is designated. Depending on the nature of the disaster, assistance may be made available under the following kinds of designations:

Presidential Disaster Declarations

At the request of a State Governor, the President can declare a county to be a major disaster area under the terms of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Under a Presidential declaration, EM loans are made available to qualifying producers in the designated and contiguous counties.

Under a Presidential declaration, help is also available from other Federal agencies.

Secretarial Disaster Designations

At the request of a State Governor or Indian Tribal Council, the Secretary of Agriculture can designate counties as disaster areas and provide EM loan assistance for physical and production losses in those and contiguous counties. Certain Small Business Administration (SBA) disaster assistance is also available to qualifying applicants under a Secretarial designation.

Physical Loss Designations

FSA Administrator's Physical Loss Notifications are initiated by FSA County Executive Directors and recommended by the FSA State Executive Director to the Administrator. The Administrator can designate counties as disaster areas, and provide EM loan assistance, for physical losses only, to qualifying applicants in designated and contiguous counties.

Physical losses include loss or damage to essential physical property, such as buildings, machinery, fences, etc. Orchard trees and livestock kept for breeding purposes may also be considered as physical property. Crops and livestock raised for resale are not eligible for EM loan assistance under a physical loss designation.

Emergency Haying and Grazing Assistance



Emergency haying and grazing of certain Conservation Reserve Program acreage may be made available in areas suffering from weather-related natural disaster.

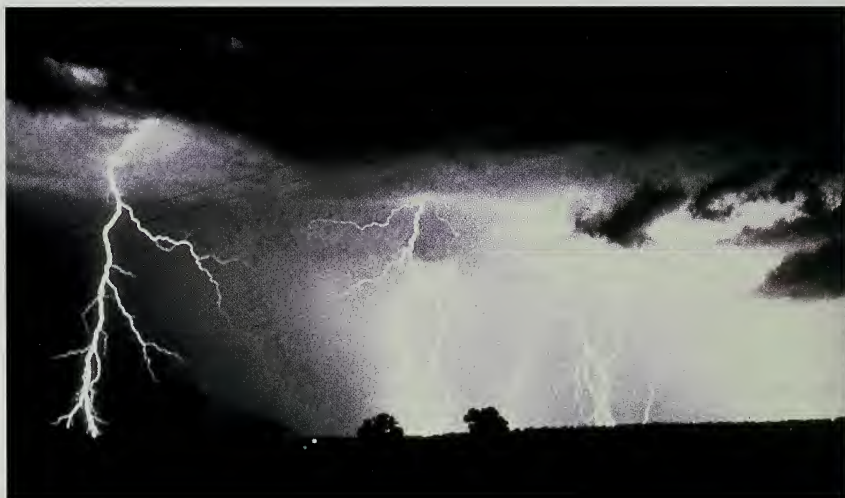
Requests for assistance may be initiated by FSA county committees. The State committee then makes a recommendation to the Deputy Administrator for Farm Programs. Determinations are made on a county-by-county basis.

If approved, harvesting of hay and/or livestock grazing is allowed on cropland that has been removed from production of annual program crops, such as wheat and feed grains, and devoted to a long-term resource-conserving cover. To protect wildlife during the primary nesting season, other limits also may be imposed.

Where Can I Apply for FSA Emergency Assistance?

Further information and help in applying for emergency assistance is available at the FSA county office serving your area. These are usually listed in telephone books under "United States Government, U.S. Department of Agriculture, Farm Service Agency."

Disaster assistance information is also available on the World Wide Web at FSA's web site: www.fsa.usda.gov — or the USDA Disaster Assistance web page at www.usda.gov/news/disaster/index.htm



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